

Indonesia's Presidential Palace Meeting Emphasize on Bekasi-Purwakarta Special Economic Zone

LONDON, THE UNITED KINGDOM, November 2, 2017 /EINPresswire.com/ -- Indonesian President Joko Widodo and nine ministers responsible for finance and economics hosted a dialog with the leaders of the Indonesian Chamber of Commerce and Industry (KADIN) at the Indonesian Presidential Palace on October 26.

The discussion covered issues including the continuity of fiscal reformation, empowerment of the agro-industry, strengthening synergy between state owned enterprises and private sectors, as well as synchronization and harmonization of various regulations.



Indonesia's Presidential Palace Meeting

During the meeting, they also discussed the Bekasi-Purwakarta Special Economic Zone (SEZ), expected to become the economic center for Indonesia and South East Asia. "The SEZ in East Jakarta, along with the clear concept of one-roof economic coordination and the easier and simplified regulations will give a major impact to expedite the growth of the industrial sector and the national economy with a lower production cost, this will enable us to compete globally," said Rosan Roeslani, Chairman of KADIN.

It's reported that from the current trend of development, the new economic center will become the main center of commerce for East Jakarta, and likely become the new central SEZ of Indonesia as a whole, and a focus of global investment.

SEZ as the Engine for Growth in Indonesia

With a population of 248 million, Indonesia is the fourth most populous country in the world. Its GDP is ranked 16th in the world at just over one trillion dollars. However, Indonesia's economic strength does not yet match its scope of population and its position as a major maritime country.

The macro-situation looks good for Indonesia, however. The relevant international authority has predicted that the economy of South East Asia is about to rise on account of a number of favorable conditions, such as demographic dividend.

According to data from the International Monetary Fund (IMF), the economic growth rate of the ASEAN countries—Indonesia, Malaysia, Philippines, Thailand and Vietnam will exceed 5% by 2022, compared with 3% in north Asian countries.

And the strong growth momentum of South East Asia is attracting international capital inflows. As the largest economy and most populous country of South East Asia, Indonesia is undoubtedly the focus of attention for international capital. But for both Indonesia, and South East Asia, the new round of economic growth needs an engine.

Special economic zones are usually the engine for economic development in developing countries, as testified by countries like China and India. As the creator of the global economic miracle in the past three decades, China's zones in Shenzhen and Shanghai's Pudong are great examples of success.

The Indonesian government considers creating special economic zones an important measure for promoting economic growth. They plan to continue to add new SEZs, 14 more to the existing 11, resulting in a predicted 25 by 2019.

The Indonesian Coordinating Minister for Economic Affairs Darmin Nasution hosted an economics seminar with the theme of "Special Economic Zones: Great Prospect of Developing from Remote Areas" at the Hotel Borobudur in central Jakarta on August 1.

As the Chairman of the National Special Economic Zone Committee he said "We hope people from all industries will actively participate and give support to make the SEZ incorporate a balanced developing force from all parts of the country, and have sustainability and competitiveness for a great success."

The Indonesian Government has set a target of 25 SEZs to be built consecutively through 2019, to attract investment of 669 trillion rupiahs (49 billion USD) and taking in 625,583 workers. They will provide various tax and non-tax benefits to investors such as exemption from import duties and providing customs permit.

East Jakarta's SEZ in its Early Form

East Jakarta's SEZ is poised for growth, and has become a more prominent region for investors and enterprises. There's no doubt that the next economic center of Indonesia is in East Jakarta. East Jakarta has already attracted the attention of the world. CNN reported that East Jakarta's SEZ is Indonesia's most competitive commerce candidate. Suara.com said that East Jakarta's SEZ will have the same standing as New York.

The primary advantage of East Jakarta is good geographical location and convenient transportation. The planned Jakarta-Bandung high-speed rail will connect Jakarta (with a population of 9.16 million) and Indonesia's fourth largest city Bandung (with a population of 1.7 million). The completion of this high-speed rail will greatly expedite the development of East Jakarta.

The demographic factor is also beneficial to the economic development of East Jakarta. The active labor force is predicated to keep growing until 2020; meanwhile, from 2010 to 2030, over 30 million people in Indonesia will immigrate from rural to urban areas.

The completion of East Jakarta's SEZ will undoubtedly alleviate the pressure of employment for East Jakarta. By then, the current situation of the near 2 million (Estimate from "Indonesia Statistical Yearbook 2016") unemployed population of Jakarta will be fundamentally changed.

Once the SEZ in East Jakarta is completed, it will concentrate the urban population, industrial and commercial resources and bring in business, service and technology industries. The SEZ will provide a large number of job opportunities and a great development platform.

As the SEZ, East Jakarta will alleviate various issues of the capital caused by overcrowded population

and industries. East Jakarta has a favorable climatic, geographical and human conditions, and as the new SEZ of Indonesia, it is highly tipped to be a destination for international capital, and become the engine for South East Asia's economic growth. Once completed, East Jakarta's SEZ could account for 50% of Indonesia's GDP. This means the whole economic territory of South East Asia will be rewritten by East Jakarta's SEZ.

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